

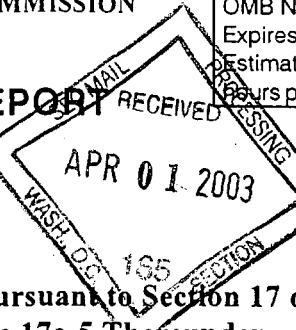
UF 43-03

**A# 4/2/2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III



SEC FILE NUMBER
35269



03018382

FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: James M. Myers & Company, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

126 Cottage Place

(No. and Street)

Charlotte

NC

28207-2210

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
James M. Myers 704-333-1710

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Miller McNeish & Breedlove, P.A.

(Name - if individual, state last, first, middle name)

301 S. McDowell Street, Suite 200 Charlotte

NC

28204

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED
APR 04 2003
THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Howell K. Hallett, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of James M. Myers & Company, Inc., as of December 31, 20 02, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Howell K. Hallett

Signature

Vice President

Title

Keegan Huel
Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

JAMES M. MYERS & CO., INC.

**Audited Financial Statements
And Supplementary
Information**

Years Ended December 31, 2002 and 2001

MILLER MCNEISH & BREEDLOVE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**301 SOUTH MCDOWELL STREET
SUITE 200**

**CHARLOTTE, NORTH CAROLINA 28204
TELEPHONE (704) 376-8415
FAX (704) 376-8417**

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
James M. Myers & Co., Inc.
Charlotte, North Carolina

We have audited the accompanying balance sheets of James M. Myers & Co., Inc. (a North Carolina S-Corporation) as of December 31, 2002 and 2001, and the related statements of income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of James M. Myers & Co., Inc. as of December 31, 2002 and 2001, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Miller McNeish & Breedlove, P.A.

March 24, 2003

JAMES M. MYERS & CO., INC.

BALANCE SHEETS

December 31, 2002 and 2001

ASSETS	2002	2001
Current assets:		
Cash and cash equivalents	\$ 551,191	\$ 1,206,035
Accounts receivable	145,321	109,062
Good faith deposit (cost \$000 and \$52,817, respectively)	-	52,817
Marketable securities (cost \$621,672 and \$248,062, respectively)	<u>660,410</u>	<u>298,700</u>
Total current assets	<u>1,356,922</u>	<u>1,666,614</u>
Property and equipment:		
Office furniture and equipment	239,455	226,340
Leasehold improvements	<u>73,138</u>	<u>73,138</u>
	312,593	299,478
Less accumulated depreciation	<u>(230,691)</u>	<u>(201,297)</u>
Net property and equipment	<u>81,902</u>	<u>98,181</u>
Total assets	<u>\$ 1,438,824</u>	<u>\$ 1,764,795</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

2002

2001

Current liabilities:

Accounts payable	\$ 23,487	\$ 30,028
Securities sold short (cost \$000 and \$167,944)	-	149,105
Accrued expenses	226,299	428,859
Withholding taxes payable	355,220	-

Total current liabilities

605,006

607,992

Stockholders' equity:

Capital stock - 85,000 shares, par value \$1.00 per share	85,000	85,000
Additional paid - in capital	811	811
Retained earnings	748,007	1,070,992
Total stockholders' equity	833,818	1,156,803

Total liabilities and stockholders' equity

\$ 1,438,824

\$ 1,764,795

JAMES M. MYERS & CO., INC.

STATEMENTS OF INCOME

Years Ended December 31, 2002 and 2001

	2002	2001
Commission income:		
Listed equities and other	\$ 1,117,421	\$ 2,281,425
Listed options	9,239	24,686
Other commissions, net	604,894	1,280,129
Clearance and execution costs	(382,033)	(912,192)
Net commission income	<u>1,349,521</u>	<u>2,674,048</u>
Management fee income	2,590,218	3,531,919
Other income	<u>34,598</u>	<u>65,611</u>
Gross profit	3,974,337	6,271,578
Administrative expenses	<u>(4,230,418)</u>	<u>(5,789,157)</u>
Income (loss) from operations	<u>(256,081)</u>	<u>482,421</u>
Financial income (expense):		
Dividend income	12,551	57,333
Interest income	275,642	176,902
Interest expense	(6)	(3,914)
Realized gain on sale of investment securities	75,028	63,572
Unrealized loss on investment securities	<u>(30,739)</u>	<u>(24,942)</u>
Total financial income, net	<u>332,476</u>	<u>268,951</u>
Net income before income taxes	76,395	751,372
Provision for income taxes	<u>-</u>	<u>-</u>
Net income	<u>\$ 76,395</u>	<u>\$ 751,372</u>

See Auditors' Report and Accompanying Notes

JAMES M. MYERS & CO., INC.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
December 31, 2002 and 2001

	<u>Common Stock</u>		<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
	<u>Number of Shares</u>	<u>Amount</u>			
December 31, 2000	85,000	\$ 85,000	811	\$ 1,564,620	\$ 1,650,431
Net income				751,372	751,372
Dividends				(1,245,000)	(1,245,000)
December 31, 2001	85,000	85,000	811	1,070,992	1,156,803
Net income				76,395	76,395
Dividends				(399,380)	(399,380)
December 31, 2002	<u>85,000</u>	<u>\$ 85,000</u>	<u>811</u>	<u>\$ 748,007</u>	<u>\$ 833,818</u>

See Auditors' Report and Accompanying Notes

JAMES M. MYERS & CO., INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Net income	\$ 76,395	\$ 751,372
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation expense	29,394	42,792
Decrease in unrealized valuation allowance	30,739	24,942
Gain on sale of marketable securities	(75,028)	(63,572)
Decrease (increase) in accounts receivable	(36,259)	177,951
Decrease in good faith deposit	52,817	-
Decrease in prepaid expense	-	5,121
Increase (decrease) in accounts payable and accrued expenses	(209,101)	188,392
Decrease in taxes payable	-	(7,852)
Increase in withholding taxes payable	355,220	-
Net cash provided by operating activities	<u>224,177</u>	<u>1,119,146</u>
Cash flows from investment activities:		
Proceeds from sales of investment securities	237,990	5,817,530
Purchase of investment securities	(704,516)	(5,307,855)
Distributions to stockholder	(399,380)	(1,245,000)
Purchase of property and equipment	(13,115)	(34,230)
Net cash used by investment activities	<u>(879,021)</u>	<u>(769,555)</u>
Net increase in cash	(654,844)	349,591
Cash, beginning of year	<u>1,206,035</u>	<u>856,444</u>
Cash, end of year	<u>\$ 551,191</u>	<u>\$ 1,206,035</u>
Supplemental disclosure of cash flow information		
Cash payments for:		
Interest	\$ <u>6</u>	\$ <u>3,914</u>
Taxes	\$ <u>-</u>	\$ <u>8,111</u>

See Auditors' Report and Accompanying Notes

JAMES M. MYERS & CO., INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Business and Summary of Significant Accounting Policies

Nature of Business:

James M. Myers & Co., Inc. ("The Company") is a privately held brokerage firm located in Charlotte, North Carolina. The Company is a member of the National Association of Securities Dealers, Inc. (NASD).

A summary of the Company's significant policies follows:

Revenue Recognition

The Company operates under a fully disclosed clearing agreement whereby it introduces its customer accounts to First Clearing Corporation that acts as the clearing firm. The Company receives a commission on the introduced transactions. The Company prepares its financial statements and tax returns on the accrual basis of accounting.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using accelerated and straight-line methods for financial reporting purposes over the estimated useful lives of the assets. Significant additions and betterments are capitalized. Expenditures for maintenance and repairs and minor renewals are charged to operations as incurred.

Cash and Cash Equivalents

For the purpose of the financial statements, the Company considers cash in operating accounts, cash on hand, and short-term debt securities purchased with maturity of three months or less as cash and cash equivalents.

Investments

In accordance with FASB Statement 115, marketable securities are stated at market at December 31, 2002 and 2001. The resulting difference between cost and market is included in income and amounted to \$(30,739) and \$(24,942), respectively.

Note 2 – Good Faith Deposit

As of December 31, 2002, the Company was required to deposit no less than \$50,000 with First Clearing Corporation. This deposit was made in February 2003. The Company maintained a good faith deposit of \$52,817 in marketable securities with Deutsche Banc Alex. Brown, Incorporated at December 31, 2001.

Note 3 – Depreciation

Depreciation expense charged to operations was \$29,394 and \$42,792 for the years ending December 31, 2002 and 2001, respectively.

JAMES M. MYERS & CO., INC.

NOTES TO FINANCIAL STATEMENTS

Note 4 – Income Taxes

Effective January 1, 1999, the Company's stockholders elected under Section 1362 of the Internal Revenue Code to become an S Corporation. As a result, the Company's taxable income for the year ended December 31, 1999 and forward will be taxed to the individual stockholders and no provision for current federal or state income taxes will be recorded.

Note 5 - Leases

The Company leases its offices from the sole stockholder and President of the Company. The original lease agreement expired on June 30, 1999. Since that time, the Company has occupied the offices on a month-to-month lease term at a rate of \$4,000 per month. Commencing July 1, 2000 the Company rented an additional office building from the stockholder for an additional cost of \$6,000 per month. Total rents paid to the stockholder for the years ended December 31, 2002 and 2001 were \$120,000 and \$120,000, respectively.

Effective March 2003, the month to month rent for the original building leased from the stockholder was increased to \$5,000 per month. Additionally, an entity affiliated to the Company through common ownership assumed the lease on the second building in March 2003.

Note 6 – Profit Sharing Plan

The Company maintains a qualified profit sharing plan for the benefit of all eligible employees. Contributions to the plan are at the discretion of the Board of Directors. Total plan expenses for the years ended December 31, 2002 and 2001 were \$151,097 and \$184,973, respectively.

Note 7 – Contingent Liabilities

The Company is contingently liable to the clearing broker if a loss is incurred by reason of failure to pay on behalf of any introduced account.

Note 8 – Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2002, the Company had net capital of \$622,207 that was \$372,207 in excess of its required capital amount of \$250,000 (minimum per regulation). The Company's net capital ratio was .972 to 1.

JAMES M. MYERS & CO., INC.

NOTES TO FINANCIAL STATEMENTS

Note 9 – Reserve Requirements

The Company does not hold, carry or maintain cash or securities for the benefit of its' customers, or perform custodial functions, and is exempted under paragraph (k)(1) of rule 15c3-3 from reserve requirements of that rule.

Note 10 – Focus Report

Amounts reported on the Company's FOCUS Report as of December 31, 2002 and for the year ended, were reconciled to the accompanying financial statements. No material differences were noted. The most recent annual report of the Company is available for examination at the offices of the Company and the Atlanta regional office of the Securities and Exchange Commission.

JAMES M. MYERS & CO., INC.

Supplemental Information

Years Ended December 31, 2002 and 2001

MILLER MCNEISH & BREEDLOVE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**301 SOUTH MCDOWELL STREET
SUITE 200**

**CHARLOTTE, NORTH CAROLINA 28204
TELEPHONE (704) 376-8415
FAX (704) 376-8417**

**INDEPENDENT AUDITOR'S REPORT ON
ACCOMPANYING INFORMATION**

The Board of Directors
James M. Myers & Co., Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of James M. Myers & Co., Inc. as of and for the year ended December 31, 2002 and have issued our report thereon dated March 24, 2003. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on the following pages is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Miller McNeish & Breedlove, P.A.

March 24, 2003

JAMES M. MYERS & CO., INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION

Year Ended December 31, 2002

Net Capital

Total stockholders' equity qualified for net capital	\$ 833,818
Add other deductions or allowable credit:	
Deductions for non-allowable assets:	
Securities and/or other investments not readily marketable	(81,800)
Net fixed assets	(81,902)
Net capital before haircuts on security positions	670,116
Haircuts on securities:	
Trading and investment securities	(47,909)
Net capital at December 31, 2002	<u>\$ 622,207</u>

Aggregate Indebtedness

Current liabilities included in statement of financial position	<u>\$ 605,006</u>
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Computation of Basic Net Capital Requirement

Minimum net capital required at 6.667%	<u>\$ 40,354</u>
Minimum net capital required, per regulation	<u>\$ 250,000</u>
Excess net capital	<u>\$ 372,207</u>
Excess net capital at 1000%	<u>\$ 561,706</u>
Percent of aggregate indebtedness to net capital	<u>97.2%</u>

Reconciliation With Company's Computation

(included in Part II of Form X-17A-5 as of December 31, 2002)

Net capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 611,570
Increase in revenues	51,615
Increase in operating expenses	(29,366)
Decrease in depreciation expense	6,606
Other deductions or allowable credit:	
Change in calculation of haircuts on security positions	(9,124)
Decrease in non-allowable assets	3,300
Deductions for non-allowable assets:	
Net fixed assets	(12,394)
Net capital per above	<u>\$ 622,207</u>

**REPORT ON INTERNAL CONTROL STRUCTURE
REQUIRED BY SEC RULE 17a-5**

The Board of Directors
James M. Myers & Co., Inc.
Charlotte, North Carolina

In planning and performing our audit of the financial statements of James M. Myers & Co., Inc. for the year ended December 31, 2002, we considered its internal control structure including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-(5)(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by James M. Myers & Co., Inc. that we considered relevant to the objectives stated in rule 17a-5(g), (1) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and (2) for determining compliance with the exemptive provision of rule 15c3-3. We did not study the practices and procedures followed by the Company: (1) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (2) in complying with the requirements of prompt payments for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System; or (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3, because the Company does not carry security accounts for customers, receive or hold any customer securities or cash, or perform custodial functions relating to the customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs of internal control structure policies and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives. Two objectives of an internal control structure, and the practices and procedures, are to provide reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures referred to in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods are subject to the risk that they may become inadequate of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of a specific internal control structure element does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002, to meet the Commission's objectives.

This report is intended solely for the use of management and the Securities and Exchange Commission and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934, and should not be used for any other purpose.

March 24, 2003

JAMES M. MYERS & CO., INC.

Material inadequacies – Rule 17a-5(j)
Year Ended December 31, 2002

<u>Material Inadequacy</u>	<u>Corrective Action Taken or Proposed</u>
None	Not Applicable

See report on accompanying information.